

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 TRSE-00 EB-08 SIG-03 AID-05 CEA-01
CIAE-00 COME-00 EA-10 FRB-03 INR-10 IO-13 NEA-10
NSAE-00 OPIC-03 SP-02 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 INRE-00 USIE-00 SSO-00 XMB-02 ABF-01
OIC-02 L-03 STR-07 NSCE-00 OES-07 /124 R

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FM SECSTATE WASHDC
TO AMEMBASSY ANKARA IMMEDIATE
AMEMBASSY BONN IMMEDIATE
AMEMBASSY PARIS IMMEDIATE
INFO AMEMBASSY ROME
AMEMBASSY BERN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY STOCKHOLM
AMEMBASSY VIENNA

C O N F I D E N T I A L STATE 081378

E.O. 11652: GDS

TAGS: TU, EFIN, EAID, OECD

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SUBJECT: OECD CONSORTIUM FOR TURKEY

REF: (A) PARIS 10370 (B) PARIS 10404 (C) PARIS 10034
(D) PARIS 10147 (E) BONN 05139

1. USG STRONGLY SUPPORTS COORDINATED EFFORT BY TURKISH
GOVERNMENT, WESTERN AND OTHER FRIENDLY GOVERNMENTS, AND

INTERNATIONAL FINANCIAL COMMUNITY TO ADDRESS TURKEY'S ECONOMIC PROBLEMS. WE WOULD WELCOME AN OPPORTUNITY TO EXCHANGE IDEAS WITH OTHER GOVERNMENTS ON THESE PROBLEMS BUT FEEL THAT APRIL 10 MEETING OF REPRESENTATIVES OF CONSORTIUM COUNTRIES WOULD BE SLIGHTLY PREMATURE AND COULD NOT ACCOMPLISH PURPOSE OUTLINED BY GIEL (REF B). THIS PURPOSE IS PRESUMABLY TO REVIEW TURKEY'S SHORT-TERM FINANCIAL SITUATION AND DETERMINE WHAT CONSORTIUM MEMBERS SHOULD DO ABOUT THIS SITUATION. USG FAVORS INFORMAL MEETING OF CONSORTIUM COUNTRIES BUT FEELS IT WOULD BE MUCH BETTER TO HOLD OFF UNTIL LENGTHY ANALYSIS OF TURKISH ECONOMY PREPARED BY IMF STAFF IN CONNECTION WITH EXPECTED STANDBY AGREEMENT IS AVAILABLE TO CONSORTIUM MEMBERS FOR THEIR CONSIDERATION. THIS ANALYSIS SHOULD BE AVAILABLE JUST BEFORE IMF EXECUTIVE BOARD MEETS TO APPROVE STANDBY. ALLOWING CONSORTIUM MEMBERS A FEW DAYS TO EXAMINE THIS

INFORMATION WOULD MEAN THAT INFORMAL MEETING COULD BE HELD JUST AFTER IMF VOTE GIVING INTERNATIONAL SEAL OF APPROVAL TO TURKISH PROGRAM.

2. IT IS IMPORTANT THAT CONSORTIUM MEMBERS HAVE CLEAR INDICATIONS FROM GOT OF PURPOSE IT SEES FOR CONSORTIUM MEETING AND FUTURE ROLE OF OECD CONSORTIUM. IN THIS REGARD, POINTS MADE BY AYTUR (REFTEL B, PARA 2) CONCERNING TURKEY'S FLEXIBILITY AS TO FUTURE ROLE OF CONSORTIUM ARE CONFIDENTIAL

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IMPORTANT. TURKEY & CONSORTIUM MEMBERS MAY WISH TO CONSIDER ROLE OF CONSORTIUM BOTH AS MONITORING BODY AND FORUM FOR EXCHANGES OF VIEWS, RATHER THAN AS TRADITIONAL DEVELOPMENT ASSISTANCE COORDINATION MECHANISM. WE FEEL THIS IS IN KEEPING WITH TURKEY'S CHANGED ECONOMIC POSITION AND COULD ALLOW CONSORTIUM TO INVOLVE NON-OECD MEMBER COUNTRIES AND IMF AND ALLOW NATIONAL DELEGATIONS TO BROADEN REPRESENTATION TO INCLUDE EXPORT CREDIT INSTITUTIONS.

3. USG SEES PURPOSES OF INFORMAL MEETING AS BOTH PROCEDURAL AND INFORMATIONAL. ON FORMER POINT, WE WOULD EXPECT MEETING TO CONSIDER FUTURE ROLE AND COMPOSITION OF CONSORTIUM, TO BE RESOLVED PRIOR TO HOLDING ANY FORMAL MEETINGS OF GROUP. IT IS SOMEWHAT DIFFICULT TO PRE-JUDGE WHETHER QTE POSITIVE RESULTS UNQTE ENVISIONED BY AYTUR (REF B, PARA 2) ARE ACHIEVABLE AT FIRST INFORMAL MEETING AND WE WOULD HOPE THAT SITUATION COULD DEVELOP SO AS NOT TO RAISE GOT EXPECTATIONS UNDULY. INFORMATIONAL ASPECT OF MEETING COULD BE BASED ON IMF AND IBRD REPORTS, (LATTER PRESUMABLY COMING OUT OF MCNAMARA'S VISIT TO TURKEY EARLY APRIL) PLUS INFORMATION TO BE SUPPLIED BY GOT ON ECONOMIC PROGRAM, BALANCE OF PAYMENTS, EXTERNAL DEBT,

EXPECTED AVAILABILITY OF EXTERNAL FINANCING AND SIZE OF FINANCING GAP.

4. FOR ANKARA: INFORM GOT OF USG VIEWS ON INFORMAL MEETING AND CONSORTIUM'S FUTURE. REITERATE OUR NEED FOR ECONOMIC DATA AS INDICATED ABOVE AND SOLICIT GOT VIEWS OF CONSORTIUM'S FUTURE.

5. FOR BONN: INFORM GERMAN GOVERNMENT OF USG VIEWS AND SEEK THEIR POSITION.

6. FOR USOECD: CONVEY VIEWS DETAILED ABOVE ON INFORMAL MEETING AND FUTURE OF CONSORTIUM. ALSO, INFORM VAN LENNEP THAT USG FEELS IT WOULD BE BETTER FOR LOWER-LEVEL CONFIDENTIAL

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OECD OFFICIAL, SUCH AS KJELL BORDLERING ACCOMPANY GIEL OR KUHN AND TURKEY. (FYI - WE CONSIDER IT PARTICULARLY UNDESIRABLE FOR WOOTTON TO GO. - END FYI). INFORM GIEL AND OTHER OECD OFFICIALS AS APPROPRIATE. YOU

MAY USE ABOVE IN DISCUSSION WITH OTHER CONSORTIUM MEMBERS. WE WOULD APPRECIATE LEARNING THEIR VIEWS.

7. FOR INFO ADDRESSEES: YOU MAY USE ABOVE TO RESPOND TO POSSIBLE INQUIRIES FROM HOST GOVERNMENTS WHO ARE MEMBERS (EXCEPT JAPAN) OF TURKEY CONSORTIUM. PARIS 10034, PARIS 10147, AND PARIS 10370, WHICH DISCUSS POSSIBLE MEETING OF CONSORTIUM, ARE BEING REPEATED TO YOU. COOPER

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